

First Time Homebuyer Assistance Program



**Community Development
Department
Home Investment Partnerships Program
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Table of Contents

Welcome Home!	5
Where Does the Money Come From?	6
<i>Consider these things and make your decision...</i> Is home ownership right for you?	7
<i>What does this program require?...</i> Program Requirements	8
<i>Since you have made your decision, Let's get started!</i>	9
How can I qualify for the Program?	
HOME Program Income Limits Chart Verification of Household Income to Determine Eligibility	10
<i>How do I know how much HAP will provide?..</i> Allocation of Funds and Time Allotment for Expenditure.	11
<i>What will HAP pay for?...</i> Amount of Assistance and Eligible Uses	11
Eligible Uses of Purchase Assistance	
Eligible uses of Repairs	12
<i>Where do I get a loan to buy the house?</i> Use a Participating Mortgage Lender	13-14
<i>Now it is time to find a real estate professional...</i> Choosing a HAP Certified Real Estate Professional	15
<i>It is time to submit the HAP application!...</i> HAP Application Process	15
<i>It is time to find a house and write a purchase contract...</i> Eligible houses, Entering into to a Contract, and Contract Requirements	16-17
<i>Can we schedule the closing yet?...</i> Repairs Completed and Scheduling Closing Preparing for Closing	18
<i>Meeting HAP final requirements...</i> Post Purchase Education Requirement Participation in the Annual Verification of Residency Reserves	19
Appeals Concerning the Eligibility Decision	19
QUICK START Checklist	21
<i>Application Packet</i> Application Packet & Required Documents	23-28
HAP Application Forms	29-36





WELCOME HOME!

The City of Killeen has designed a housing assistance program that enables low-income individuals and families to own their own home— the City of Killeen First Time Homebuyer Assistance Program (HAP). This program utilizes federal funding from the Home Investment Partnerships (HOME) Program funds, provided by the U.S. Department of Housing and Urban Development (HUD).

The program provides first time homebuyers with necessary assistance for down payment and closing costs and is allocated on a first-come first serve basis, through a formal application process. The program assistance is available to households, individuals or families, earning 60-80% of the Area Median Income (AMI) for the Killeen/Temple/Fort Hood area, with eligibility based upon current and anticipated annual income of all persons that will occupy the home as their primary residence. Purchases must be within the corporate city limits of Killeen. First Time Homebuyers can obtain an FHA, VA, or Conventional loan. The lender has to make sure to provide the loan that will be most beneficial to the buyer. The loan must be a fixed rate. The buyer can obtain a mortgage that is less than 30 years as long as they don't exceed the debt to income ratios acceptable by the program.

Key Program requirements include: attending 8 hours of homebuyer education classes; obtain a minimum of 3 hours homebuyer counseling, qualifying for a mortgage loan with a HAP approved lender; contributing a minimum of \$500 toward the purchase of the home; confirming mortgage lender required repairs are complete; and occupying the home for the duration of the five year affordability period.



WHERE DOES THE FUNDING COME FROM?

Congress appropriates funds to be administered by HUD, for a variety of established programs that provide annual grants on a formula basis to entitled cities, urban counties and states for development of viable urban communities by providing decent housing and a suitable living environment , and by expanding economic opportunities, principally for the low– income persons.

Certain trends and statistics point to an increased, not decreased, need for affordable housing. HUD’s definition of affordability is for a household to pay no more than 30% of its annual income on housing. Families that pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

The expansion of the supply of affordable housing for low-income families is at the very core of HUD’s mission. HUD’s Office of Affordable Housing Programs (OHAP) bring federal resources directly to the state and local level for use in the development of affordable housing units, or to assist income-eligible households in purchasing , rehabilitating, or renting safe and decent housing. The HOME Program helps expand the supply of decent, affordable housing for low and very low-income families by providing grants to States and local governments called participating jurisdictions (PJs) .

Since 1996, the City of Killeen has received federal funding from HUD through the HOME investment Partnerships Act [HOME] Program, as a participating jurisdiction. These funds are administered by the Community Development Department office who has great deal of flexibility in designing the local HOME program activities and is responsible for using the HOME grant to fund housing programs to meet local needs and priorities, within the guidelines established by the HOME program statute and final rule, as amended (24 CFR Part92).



Consider these things and make your own decision...

IS HOMEOWNERSHIP RIGHT FOR YOU?

Buying a home is the largest purchase most people will ever make! Homeownership has great benefits but also comes with certain responsibilities. Let's check to see if you are ready for homeownership.

Look at your current situation and determine if:

- You have a steady, reliable source of income and/or steady employment history for the past two years.
- You have a credit history and credit score.
- Your total debt is manageable to afford the costs associated with homeownership.
- In addition to the requested \$500 commitment to be used towards earnest money, home inspection and prepaids, you must also have money saved for costs associated with moving to your own home (i.e. utility deposits, moving expenses, etc).
- Next, think about your future plans and things that might affect your ability to manage the costs of homeownership.
- Consider what changes you may need to make to your current lifestyle.
- Consider the costs of a growing family.
- Consider whether your family plans might include a wedding, college education, or caring for an elderly person.

Most importantly, remember that homeownership comes with budgeting for items such as sudden repairs, maintenance, taxes, landscaping, etc.

Finally, look at the pros and cons for homeownership and make the best decision for you and your family.

Advantages

You will have a place that is your own!

You may pay less than you would for rent.

Your monthly payment doesn't go up if you choose a fixed rate mortgage.

You will build equity—the single greatest source of financial security and independence for the majority of people who have taken this step!

Risks of homeownership

It is more difficult to downsize to a smaller home.

You may need to sell due to life circumstances.

You become your own landlord and will have to pay for the repairs/replacements.

Property values may depreciate due to condition of your home and homes in the area.

Monthly housing expenses can increase through property taxes and homeowner's insurance.

Be honest with yourself. Look at your financial picture realistically, once you fully understand your situation, your future plans, and how homeownership fills the big picture, make the best decision for you and your family.



What does this program require?...

PROGRAM REQUIREMENTS

To be eligible to participate in HAP, all buyers must be “first time homebuyers”...an individual, family or a household looking to buy their first home within the corporate city limits of Killeen.

Buyers must meet the following criteria in order to make an application for the program:

1. Applicant(s) must be Legal Residents/Citizens of the United States.
2. Applicant(s) must meet credit eligibility requirements and be able to qualify for a mortgage loan through one of the HAP participating mortgage lenders. HAP funds cannot be used to pay for lender required debt relief. (Sub-prime Lending is not permitted in this program).²
3. Applicant(s) cannot have owned a home [including mobile home] or property in the most recent three (3) years—not just in Killeen or in Texas—any where.

Additionally, participation and assistance requires that:

4. The monthly payment cannot exceed 30% of the applicant’s calculated gross monthly income.
5. The applicant (s) overall debt to include the house payment cannot exceed 43% of the applicant’s calculated gross monthly income.
6. The applicant (s) contribute a minimum of \$500 toward the purchase of the home. *Contribution of funds is for earnest money to be deposited with the title company or “closing agent at the time the contract for sale is written; for inspection(s) and/or testing costs, etc..”³*
7. The applicant (s) attend an eight (8) hours of homebuyer education classes—5 hours prior to application and 3 hours within 90 days of purchasing the home.
8. Applicant (s) must be represented by a State licensed real estate agent/broker who has been trained, within the most recent 2 years, in the Program—a HAP certified Agent/Broker.
9. The applicant (s) must occupy the home as their primary residence for the required five year affordability period.⁴
10. Applicant (s) participate in the Annual Verification of primary residence.
11. Applicant (s) must receive a minimum of three (3) hours of housing counseling.
12. At mortgage closing have one month of the monthly house payment in reserves.

¹ All members of the household are required to be those who are lawfully present in the United States. An “alien not lawfully present in the United States” means an alien who is not “lawfully present” as defined in 8 CFR 103.12 and includes: (1) An alien present in the United States who has not been admitted or paroled into the United States pursuant to the Immigration and Nationality Act and whose stay in the United States has not been authorized by the United States Attorney General, and (2) An alien who is present in the United States after the expiration period of stay authorized by the United States Attorney General or who otherwise violates the terms and conditions of admission, parole or authorization to stay in the United States.

² Community Development Department-HAP does not loan money to purchase the house. Sub-prime Lending is considered as mortgage loans that are not written or rated as an “A” paper.

³ When applicant (s) has liquid able assets of \$10,000 or more they will not be assisted.

⁴ The period of affordability is directly required and stated by the governing federal regulation. The number of required years will be 5 years for totals less than \$15,000.



Since you have made your decision, Let's get started!

HOW CAN I QUALIFY FOR THE PROGRAM?

Qualification for assistance through the City of Killeen First Time Homebuyer Assistance Program (HAP) is governed by regulations administered by the U.S. Department of Housing and Urban Development (HUD) and is based on two primary factors; the “total” household members, and the annual (gross) income⁶ received by those members.

A household member is considered to be one who will reside/live in the house as their primary residence.⁷

When determining the number of household members, DO NOT COUNT any of the following as household members, nor any income received from them:

- ◆ ***Foster Children***
- ◆ ***Live in aids and children of live-in aids***
- ◆ ***Unborn children***
- ◆ ***Children being pursued for legal custody or adoption, which are not currently residing at home⁸***

The buyer's gross annual income for the next 12 months must be equal to a minimum of 60% of the Area Medium Income but cannot exceed 80% of the Area Median Income as determined annually by the U.S. Department of Housing and Urban Development (HUD) for the Killeen/Temple/Fort Hood Metropolitan Statistical Area.

HAP uses the definition of Annual Income as defined by 24 CFR Part 5 which is, the gross amount of income of all household members that is anticipated to be received during the coming 12-month period.

- ***ALL income to the household, current and anticipated, from the persons who will occupy the home as their primary residence, unless specifically excluded, will be considered to determine the applicant(s) eligibility to participate in HAP.***
- ***Any real property owned by household will be included in the income calculations based upon its income potential.***

⁶ The annual income definition found at 24 CFR Part 5 is used by a variety of Federal programs including the Housing Choice Voucher (housing assistance) Program, public housing and the Housing Tax Credit Program. Annual income is used to determine program eligibility.

⁷ Primary Residence is defined as “residency exceeding 21 calendar days from the date of arrival”.

⁸ A child that is subject to a shared-custody agreement in which the child resides with households at least 50 percent of the time will be counted as a household member.

Co-borrowers/Co-mortgagors will not be permitted.

This means that the buyer(s)/applicant(s) must be the ones applying for the loan and that will occupy the house as their primary residence.

Applicants are required to disclose all sources and amounts of income received regardless whether or not it is to be considered basis for repayment of the primary mortgage loan. Including:

- Wages (Bonuses and Commissions)
- Salaries (including Overtime Pay)
- Tips
- Child Support*
- Taxable Interest
- Dividends
- IRA Distributions
- Pensions
- Annuities
- SSI/Social Security, Disability
- Unemployment Compensation

Other income such as: Medical & Prescription expenses, Benefits, Public Assistance, Recurring Cash Contributions, and Assets received on a regular basis

**Court Ordered Child Support must be disclosed and verified regardless of receipt of payment*

Applicants are required to disclose all sources and amounts of income received regardless whether or not it is to be considered basis for repayment of the primary mortgage loan.

For participation in HAP, use of the chart below to determine income eligibility by first identifying the number of persons in the household then the gross amount of income received based on the list above. If the household income is between the minimum and the maximum amount listed for the total household members, the household could be eligible to participate in the program.⁹

VERIFICATION OF ANNUAL HOUSEHOLD INCOME AS USED TO DETERMINE PROGRAM ELIGIBILITY

In the event that the household members are required to file separate income tax (i.e., not considered a dependent of the head of household, an individual that cannot be claimed as a dependent of the head of household or has annual earnings that require that the person to file a separate tax return) the City of Killen First Time Homebuyer Assistance Program (HAP) will require a copy of the annual tax return for each filing individual.

HOME Program Income Limits – effective June 6, 2016								
MSA Killeen/Temple/Fort Hood, TEXAS								
ELIGIBLE AMOUNT OF PROGRAM ASSISTANCE	# PERSONS IN HOUSEHOLD / MAX ANNUAL INCOME							
	1	2	3	4	5	6	7	8
Required Minimum annual income 60% AMI	\$24,960	\$28,500	\$32,040	\$35,580	\$38,460	\$41,280	\$44,160	\$46,980
Maximum annual income 80% AMI	\$33,250	\$38,000	\$42,750	\$47,450	\$51,250	\$55,050	\$58,850	\$62,650

⁹ A complete application and verifying documents must be reviewed and approved by the City of Killen Community Development Department Staff.

How do I know how much HAP will provide?...

ALLOCATION OF FUNDS AND TIME ALLOTMENT FOR EXPENDITURE

Upon a determination of eligibility to participate in the program, the Community Development Department will issue a Preliminary Approval Letter indicating that a HAP allocation will be set aside in the qualifying applicant(s) name. This letter will be sent by electronic transmission (email) to:

- The Buyer*
- The Mortgage Lender*
- The Buyer's Real Estate Agent/Broker by email*

The approval letter will indicate the expiration date of the allocation. The date will be a total of 90 days, which commences on the date the application packet is approved and an allocation is set aside. The transfer of property [purchase and close on the loan] must be completed within 120-days from the date of the HAP approval letter; in the event that the property transfer is not completed, the applicant(s)/buyer(s) may reapply to the program, which requires the application process to be followed again, and the submission of a new application and income documentation.

***If you have not received an Income and Eligibility Approval letter from the City of Killeen Community Development Department Office... Then you have not been approved to receive assistance through this program.**

What will HAP pay for?...

AMOUNT OF ASSISTANCE AND ELIGIBLE USES

The City of Killeen will provide the buyer(s) with **purchase assistance** — funding to be used for the down payment and closing costs necessary to close the loan and purchase the home. The purchase assistance is up to **\$7,500**. Buyer will only receive the amount of assistance necessary to close the loan. The purchase assistance amount total will be secured as a second lien against the property with a deed of trust and promissory note. The total purchase assistance will be forgiven over 60 months of continued residency. Buyers must maintain the home as their principal residence for duration of the 60 months (5 year affordability period).

Eligible Customary Closing Costs with Limitations:

- Application fee
- Loan origination fee
- Underwriting fee
- Title insurance
- Title search
- Credit report fee
- Courier fee
- Appraisal fee
- Lender inspection fee
- Survey fee
- Recording fee
- Attorney's fees
- 1 year home warranty/residential service contract
- Document preparation fee
- Settlement/closing or escrow fee
- Hazard insurance*
- Property tax*
- Interest*
- Pest inspection (wood destroying insects)*
- State of TX Policy Guarantee fee



*** Limitations on Closing Costs and Prepaid Items:**

- 30 days interest
- 14 months hazard insurance
- Three (3) months property taxes
- \$100 for a Pest Inspection

2. Down Payment:

The minimum amount required by the financing program (i.e.,FHA); FHA 3.5%, the maximum allowance for down payment for a conventional loan is 5%.

Under no circumstances will the City of Killeen over subsidize assistance to a buyer. The program only provides what is necessary to close the loan. If the buyer has sufficient assets to purchase the home; no assistance will be granted.

ELIGIBLE USES

In order to preserve the number of safe and affordable homes available to low and moderate income buyers, homes purchased through the City of Killeen First Time Homebuyer Assistance Program must meet specific guidelines and criteria, ensuring the home is decent, safe, and structurally sound. Those requirements and minimum standards are identified in both the **International Property Maintenance Code (IPMC) as adopted by the City and the Uniform Property Condition Standards (UPCS) as required by the Department of Housing and Urban Development (HUD)** . The City of Killeen Community Development Housing Specialist will inspect the housing unit to ensure the home meets IPMC and UPCS.

The City of Killeen First Time Homebuyer Assistance Program will provide a rehabilitation grant to the buyer(s) for repairs necessary for the home to comply with the UPCS and IPMC.

1. Home Inspection and Repairs (rehab)

Each home assisted, with the City of Killeen HOME Program funds, will be inspected by a Texas Real Estate Commission licensed inspector (TREC) at the buyer's expense. The inspection includes such areas as the overall condition of the main support structure, major mechanical systems, proper electrical and plumbing/drainage service, and other items that may affect the dwelling and the health and safety of the future occupants. The inspector's report will identify those items recognized as **"in need of repair"** or **"deficiency"**. Repairs will be negotiated with seller.

The buyer will need to make payment to the inspector/inspection company at the time the home inspection is performed. *Payment of this inspection fee may be counted toward the buyer's minimum commitment of \$500. Buyer may exceed the minimum required depending on the amount of earnest money that is negotiated and the cost of the home inspection. This money is not refundable at closing. It is the buyer (s) investment in the property.*



2. Age of Housing Unit

All homes assisted through HAP must be free of Lead Base Paint hazards if constructed prior to 1978.

Where do I get a loan to buy the house?...

USE A PARTICIPATING MORTGAGE LENDER

Now that you have decided to purchase your first home, it is important that you work with an approved mortgage lending institution (mortgage lender) that will help you secure the loan for your new home. In general, contacting multiple mortgage lender will not provide you with “more buying power”. Your monthly income and your monthly debt (how much you earn and how much you pay out to creditors) will determine the amount of money you can borrow to purchase a house. The First Time Homebuyer Assistance Program has established a partnership with local lending institutions that are certified and familiar with the HAP program requirements.

When contacting a participating lender, be sure to schedule an appointment for a “loan app” when qualifying for a mortgage loan. You will need basic information about your household income and expenses, including the most recent pay stub from your employer, statement from Social Security/SSI, Retirement, Disability, and any other income that will be used to determine your ability to repay the mortgage loan. This will also include bank statements and most recent income tax return. (This is not an all-inclusive list and additional documents may be required.) Most participating lenders require a fee paid at this time to cover the cost of the credit report.

There are **16** local lending institutions that participate in the HAP program, as listed in the table on page 14. You may contact them directly with questions and qualifying for your loan.

APPROVED LENDERS:

AGENCY	TELEPHONE
AMCAP Mortgage, LTD dba Gold Financial Services 445 E. Central Texas Expressway, Harker Heights, TX 76548	254-718-5456
Chase 201 E. Central Texas Expy, Unit 1800, Harker Heights, TX 76548	254-526-0395
Cornerstone Home Lending, Inc. 3820 W. Adams Avenue, Temple, TX 76504	254-247-3180
DHI Mortgage 2305 Birdcreek Terrace, Temple, Texas 76502	254-773-7395
Extraco Mortgage 100 W. Centex Expressway, Harker Heights, TX 76548	254-200-3600
Fairway Independent Mortgage Corporation 103 W. FM 2410 Rd. Harker Heights, TX 76548	254-220-4154
Fairway Independent Mortgage Corporation 2212 Sunny Lane, Killeen, TX 76543	254-634-8886
First Community Mortgage 100 W. CTE Ste 300, Harker Heights, TX 76548	254-680-6145
First Community Mortgage 2201 Trimmier Rd., Killeen, TX 76541	254-383-5760
First State Bank Central Texas 661 W. CTE, Harker Heights, TX 76548	254-616-2265
Prospect Mortgage 3901 E. Stan Schlueter Loop, Suite 102, Killeen, TX 76542	254-699-1683
SWBC Mortgage Corporation 4524 S. WS Young Dr., Ste.100, Killeen, TX 76542	254-634-2822
U.S. Bank 439 E. Centex Expwy Ste. B, Harker Heights, TX 76548	254-698-1490
Wells Fargo Home Mortgage 3210 E. CTE, #403 Killeen, TX 76543	254-290-6819
Gateway Mortgage Group 3207 E. Stan Schlueter Loop Killeen, TX 76542	254-580-0142
Finance of America Mortgage, LLC 3400 E. Central Texas Expy., #105 Killeen, TX 76543	254-294-4700

Once approved, the mortgage lender will issue the buyer (s) a “commitment letter” guaranteeing a loan approval¹⁰ amount [maximum amount of loan allowed for the purchase].

*In the event the buyer(s) decides to change mortgage lenders/companies, the buyer(s) **MUST IMMEDIATELY NOTIFY** the HOME Program office. The transaction is halted until the buyer(s) provides a **COPY** of the new loan application, mortgage analysis/qualifying worksheet and good faith estimate to the HOME Program office.*

Now, it is time to find a real estate professional...

CHOOSING A HAP CERTIFIED REAL ESTATE PROFESSIONAL

The purchase of a home is one of the largest purchases in your lifetime, it is important that you choose a Real Estate Professional that is right for you.

A caring, patient person who is HAP certified and familiar with the First Time Homebuyer Program is the key to a successful, uncomplicated quest of finding the home that accommodates you and your family’s immediate needs. This person is the one who has vast knowledge of the various types and sizes of homes on the market; who are familiar with several types of loan programs, and who can answer questions first time homebuyers often have. The state of Texas requires an agent or broker to be licensed and trained in buying and selling property, and also requires continuous updates to their education of Real Estate laws and practices for the state of Texas.

The City of Killeen conducts a HAP Certification Class for licensed agents/brokers that want to help you find your first home. Upon completion of the HAP certification class, all participating agent/brokers are awarded a certificate of completion, acknowledging certification in the HAP program. These professionals are knowledgeable and will assist you in finding a home that meets the program guidelines. Before you look for a home, prepare and submit your HAP application. You can learn about this step in the “HAP Application Process” section.

All HAP buyers must be represented by a state licensed and HAP certified real estate agent or broker. Contact a local real estate office and ask how to work with a City of Killeen First Time Homebuyer Assistance Program Certified Real Estate Agent or Broker.

It is time to submit the HAP application!...

HAP APPLICATION PROCESS

To determine program eligibility, buyers must submit a formal application packet. You will do this after you are qualified for a mortgage loan and receive a commitment letter from one of the participating lenders.

The application packet consists of several documents— some provided as forms from this booklet, some from the mortgage lender and finally, some items that the buyer(s) must provide from their personal documents or records. *See the APPLICATION section of this manual for a complete list of forms, documents, etc. that are necessary to determine applicant eligibility.*

Once you have completed the forms and gathered all of the required documents, contact the Community Development Department office to **schedule an appointment** to turn in your application packet. Please— call prior to coming to the office as “walk ins” are not permitted.

During the appointment, Staff will briefly review the packet to ensure that the entire minimum required documents are present. If the application packet is incomplete, the entire packet will be returned to the buyer(s) along with instructions on what documents are missing, and where those documents can be obtained.

¹⁰Loan approval and commitment by approving mortgage lender is subject to the lending institution’s underwriting criteria including changes to income and/or debt obligations of the buyer(s).

Once the additional/missing documents are obtained, the buyer(s) will need to contact the HOME program office to re-schedule an appointment to turn in the packet. It is imperative that the buyer(s) submit a complete application packet to ensure immediate processing and allocation of the limited funds.

After a complete packet is received, the Community Development Department Staff will thoroughly review the documents and determine whether the applicant(s) meet the eligibility criteria of the program.

In general, the review is complete within 72 hours (excluding weekends and holidays) from the time the completed packet is submitted. However, in some instances, the applicant(s) may be asked to confirm certain circumstances within the household. This confirmation may include providing the program with additional documentation necessary to confirm program eligibility.

RELATIVE ISSUES FROM OTHER ASSISTANCE PROGRAMS...

There are numerous homebuyer assistance programs available offering a variety of assistance to first time buyers, i.e. State of Texas Department of Housing and Community Affairs [TDHCA] periodically offers a mortgage loan program that is made available through the sale of tax-exempt bonds with the proceeds being provided, to income eligible households, as a reduced interest rate mortgage loan to first time homebuyers. TDHCA also has a program that provides down payment and closing cost assistance. The local housing finance corporation periodically offers assistance to first time buyers purchasing within specific counties. Buyers, however, may only use one program in conjunction with the HAP assistance. The City of Killeen Lien will remain in second position.

It is time to find a house and write a purchase contract...

ELIGIBLE HOUSES, ENTERING INTO A CONTRACT, AND CONTRACT REQUIREMENTS

All homebuyers will be required to find an eligible house and enter into a purchase agreement contract with the seller to buy that home. Here is how that process works...

Most types of homes in the Killeen area are considered **eligible houses**. These homes can be existing or new as long as the home meets the following required criteria:

1. Every house assisted by HAP must be located within the corporate city limits of Killeen.
2. If the house was constructed **after** January 1, 1978, it must be free of Lead Base Paint hazards.
3. May not be located within a designated flood plain area.
4. Every house must be a single family, detached, conventional construction dwelling ONLY. Modular, Mobile, and Manufactured housing is not allowed. *Since the Community Development Department, the City of Killeen, or HAP does not act in the capacity of a real estate agent or broker, the buyer(s) must rely on a Real Estate agent to assist in identifying available houses in the local real estate market.*

The City of Killeen may provide HAP funds to assist the buyer(s) in the purchase of a house being leased, under the following conditions:

- ◇ The buyer and tenant are the same, or
 - ◇ Prior to leasing and occupying the property, the current tenant must have been provided with written notification of the possible sale of the property AND that relocation assistance will not be provided (Required to be in written form from the Property Owner to the Tenant).
5. All houses must be inspected by a licensed independent home inspector [of buyer's choice] and meet specific property standards.

Because this requirement is due to regulations established by HUD, the City of Killeen First Time Homebuyer Assistance Program will provide a rehabilitation grant to the buyer(s) for the cost of necessary rehabilitation actions that will result in the property meeting local codes and standards. This action ensures a safe, structurally sound, decent, and healthy environment for all inhabitants of the home. Previously conducted independent home inspections are not accepted.

6. All mortgage lender required repairs [identified during the lender's appraisal inspection] must be completed at the seller's expense, before the buyer(s) can purchase the house. HAP will not make any lender required repairs nor will it allow the buyer to pay for those repairs identified by the lender's appraisal.
7. The initial purchase price or after-rehabilitation value of the home assisted with HOME funds may not exceed 95 percent of the median purchase price for single family housing, as determined by HUD. **The FY 2016 Limit for existing homes is \$142,000, effective May 2, 2016. The FY 2016 Limit for new construction homes is \$228,000.**

Lets discuss **entering into a contract** and meeting specific conditions and provisions of the City of Killeen First Time Homebuyer Assistance Program.

This purchase contract is a negotiable agreement between the buyer and seller, committing each party to specific duties with regard to the purchase and sale of the property. Because HAP is federally funded, specific conditions must be included in the purchase agreement. In order to meet program requirements, each contract must list the following items in the **special provisions** section:

1. **"This contract is subject to the City of Killeen First Time Homebuyer Assistance Program"**
2. **"Seller agrees to pay for lender required repairs, in an amount not to exceed 5% of the Sales Price."**
3. **"A one (1) year Residential Service Contract (Home Warranty) will be purchased by seller."**

The above provisions are not required if the purchase contract is with VA or a bank foreclosure.

Additionally...

*The Contract must be properly endorsed by all parties to the sale with any changes dated and initialed. And.. the City of Killeen Home Investment Partnership Program **NOTICE TO REAL PROPERTY OWNER/SELLER** form **must be signed**, with an original signature from the owners/sellers, and be forwarded to the Community Development Department office at the time the contract is first executed. (The document is available through the City of Killeen Community Development Department office and the First Time Homebuyer web site.) A copy of the purchase contract and the Notice to Real Property Owner/Seller form should be sent to the Community Development Department office for review and approval as soon as possible.*

Purchase contracts dated prior to the HAP allocation letter date will need to be changed/adjusted to reflect a date equal to or later than the HAP allocation letter date. Once the contract and its provisions are agreed upon by both the buyer and seller, the buyer should take immediate action to have the home inspected [generally, this should be done within ten(10) calendar days from which the contract was accepted by the buyer and seller]. **Buyer must inform the City of Killeen Community Development office of the inspection date and time so that the Housing Specialist can perform the necessary program inspection during that same time.**

¹¹ The City of Killeen will not repair or replace an appliance that is not permanently attached to or a part of the housing unit. (i.e., refrigerator, range/oven, microwave, swimming pools, hot tubs, accessory structures, or items considered as luxury items, etc.)

Once the inspection is complete, a copy of the report must be forwarded to the Community Development Department office for review. A determination of necessary repair (rehabilitation) actions will be identified and required to be completed to meet local codes and standards. All repair actions must be completed prior to the buyer(s) occupying the home.

At this time the Community Development Department office will prepare a letter for the buyer's agent regarding the necessary lender required repairs that the seller must make to the house. If the seller refuses to make such repairs then the seller shall return earnest money to the buyer and the buyer must search for another house.

HAP requires that a copy of the lender's Appraisal report be forwarded to the Community Development Department office. Once the appraisal report is received, Staff will take action to arrange for the repair of those items identified as **"needs repair"** from the home inspection report **and necessary to meet the City's current local codes and standards.**

THIS IS A GOOD TIME TO START LOOKING FOR HOMEBUYER'S INSURANCE. YOU MAY WANT TO START WITH THE COMPANY AND AGENT CURRENTLY CARRYING YOUR AUTO INSURANCE. REMEMBER TO LIST THE CITY OF KILLEEN AS AN ADDITIONAL INSURED.

Can we schedule the closing yet?...

Please do not give notice of your move to your current landlord until you are sure of your closing and completed repairs date. HAP suggests that you plan for a minimum of 12-16 weeks between the time you are approved for HAP and the time that you actually close on the mortgage loan (the time will vary depending upon inspections and repair actions).

REPAIRS COMPLETED AND SCHEDULING CLOSING...

HAP requires that all mortgage lender required repairs [identified on the appraisal report] be completed prior to scheduling the loan closing AND all HAP repairs [identified in the home inspection] will be completed after loan closing and prior to buyer(s) move-in.

At no time will the buyer be granted occupancy until such time all repairs are complete and a re-inspection is conducted to confirm all required items are complete. No exceptions will be made.

PREPARING FOR CLOSING

The Community Development Department requires a minimum of 5 days advance notice of the scheduled closing date. The mortgage lender will need to forward the preliminary HUD-1 document and an updated [as applicable] HAP F-2 form, to the Community Development Department office. Once received, and approved, the Community Development Department office will issue a Final Funding Approval Letter to the Lender, the Real Estate Agent, and the Buyer.

The Community Development Staff will prepare the HAP DEED of TRUST and PROMISSORY NOTE, and the purchase assistance funds will be requested from the City of Killeen's Finance Department.

The Community Development Staff will attend the closing. The HAP Purchase Assistance funds (check) will be presented to the closing agent on behalf of the buyer(s). The buyer(s) will sign the HAP Deed of Trust and Promissory Note, and all other documents required for the mortgage loan and legal transfer of the property to the buyer(s) name(s). The title company will need to send a copy of the settlement packet to the HAP office once loan closes and funds.



After all of the documents are signed, the HOME Program staff will forward the Deed of Trust to Bell County for official filing in the real property records. The HOME Program staff will forward a copy to the buyer(s) at such time the documents are returned from the County offices.

Meeting HAP final requirements...

POST PURCHASE EDUCATION REQUIREMENT

Homebuyers assisted through HAP must attend a post purchase education class within 90 days of the purchase. The buyer(s) will receive notice of the available class dates at the time of closing.

PARTICIPATION IN THE ANNUAL VERIFICATION OF RESIDENCY

All homebuyers must confirm their occupancy in the assisted home annually during the month of June. The Community Development Department office will send a letter explaining your requirement to participate and request that you fill in the compliance card and return it to the office by a specified date. In the event that you do not respond to the notice, additional compliance actions [identified in the deed of trust and promissory note] will begin.

Reserves

Upon closing buyer is required to have one month worth of the house payment in the bank. The buyer will be required to provide an updated bank statement or bank printout showing the transaction history and balance.

Failure to comply with the annual verification of residency will result in repayment of the entire amount of HAP assistance.

APPEALS CONCERNING THE ELIGIBILITY DECISION are required to be in written form with a cover letter requesting "Reconsideration of Eligibility" and contain a minimum of three (3) additional items of proof¹² substantiating the reason the application packet should be reconsidered.

The appeal is required to be forwarded by U.S. Mail to:

Director of Community Development - HOME Program - HAP Appeal
City of Killeen
P.O. Box 1329
Killeen, TX 76540-1329

The Director will have five (5) business days from receipt, to reply to the appeal. Applicants will be notified by mail of the final decision.

FIRST TIME HOMEBUYER PROGRAM

QUICK START checklist

1. Attend homebuyer education class and obtain HAP manual and application.
 2. Use a HAP approved Mortgage Lender who will determine how much "buying power" you have and how much money you can borrow to purchase your home with.
 3. Use a HAP Certified Real Estate Agent - a Real Estate Professional [real estate broker/agent] to help you find a home within your approved loan amount.
 4. Turn in your HAP Application - Schedule the appointment to turn in your application packet; ensure you have all of the required documents ready and in "package" form when submitting the HAP application.
 5. WAIT until you have received the HAP eligibility letter, then....
 6. Prepare to make an offer on purchasing the home you want to buy – Get homeowner's insurance quotes and information. Forward the completed executed contract to the Community Development office.
 7. Confirm the necessary inspections:
 - Home Inspection, required to ensure that the home is safe, structurally sound, and a healthy environment for you and your family. Conducted by a licensed independent home inspector. Determines what repairs, if any, need to be made to the home. Most inspections will have to be paid for at the time the inspection is performed, prepare to have payment ready for the inspector. A re-inspection will be made by the home inspector to confirm that all repairs have been completed. Repairs will be paid at the expense of the seller.
 - City of Killeen Inspection performed by the Community Development Housing Specialist who will identify necessary repairs required for the home to comply with the UPCS and state and local codes, ordinances and zoning requirements..
 8. Schedule and prepare for closing – Lender provides HUD-1 document and notice 5 business days in advance - to obtain HAP purchase assistance funds. Buyers will need to schedule time off of work or arrange for child care being sure to allow for plenty of time to read through ALL of the documents to be signed.
 9. Required repairs are completed - Buyer may move in to the home after notice from HAP.
 10. Attend Post Purchase Education requirement.
-





City of Killeen, Texas

Community Development Department

First Time Homebuyer Assistance Program **APPLICATION FORMS & Agreement**

WARNING: Title 18 U.S Code §1001 states that a person is guilty of a FELONY for knowingly and willingly making a false or fraudulent statement to any Department or Agency of the United States. State Law may also provide penalties for false or fraudulent statements.

100112





THE APPLICATION PACKET and REQUIRED DOCUMENTS

The following is the complete list of application forms and required documents that make up the ***formal application***. Please place the forms and documents in order listed below.

Form/Document Responsibility	Form and /or Document Description
Applicant's Responsibility FORMS attached in this manual	1. HAP FORMS F-1 through F-5 These documents must be Originals, completed and signed by the buyer(s) F1 –HAP APPLICATION - Original , completed and signed by the homebuyer(s) F2 –HAP FUNDS REQUEST –Original, completed F3 –HAP HOUSEHOLD INCOME DISCLOSURE AND CERTIFICATION - Original, completed, and signed F4– HAP PROGRAM INFORMATION AND COMPLIANCE DISCLOSURE Original, completed, and signed F5 –HAP AUTHORIZATION OF RELEASE OF INFORMATION –Original, Signed by the homebuyer(s)
Applicant's Responsibility	2. Applicant Household Identification—Copy of Drivers License or State ID and Social Security Card for ALL Adult members of the household 3. City of Killeen Certificate of Attendance from the homebuyer pre-purchase class. Certificate is valid for one year from the date of attendance.
Obtain copy from Mortgage Lender/Loan officer	4. Copy of the Mortgage Analysis Qualifying Worksheet 5. Copy of the signed Mortgage Loan Application 6. Copy of Good Faith Estimate 7. Copy of Credit Report (pulled from lender)
Applicant's Responsibility	7. Copy of filed Federal Income Tax Returns - COPIES ONLY. No original documents will be accepted. A copy of each of the preceding three (3) years filed Income Tax Returns. In the event that an Income Tax Return was not filed, a statement from the IRS, certifying that a return was not filed, will be required. Please contact: 1-800-829-1040 to obtain a copy of the statement or to obtain the missing year tax return(s).
Obtain copy form Mortgage Lender/Loan Officer	8. Copy of Written Verification of Employment. The Lender's verification form with date of confirmation within the last 30 days.
Applicant's Responsibility	9. Copy of three (3) consecutive months of the most recent Pay Stub for each person who receives income. COPIES ONLY. No original documents will be accepted.
Obtain copy from Mortgage Lender/Loan Officer	10. Copy of Written Verification of Deposits for all accounts held by the applicant's household. The Lender's verification with date of confirmation with date of confirmation within the last 30 days
Applicant's Responsibility	11. Copy of Bank Statements –COPIES ONLY. No original documents will be accepted. A copy of the most recent three(3) consecutive months statements for EACH bank account

Once you have all of the forms and documents in the above order, call the Community Development Department office to schedule an appointment to submit your HAP application.

An Application Packet WILL NOT be accepted without ALL of the required documentation





APPLICATION PACKET CHECKLIST
DOCUMENTS REQUIRED for a COMPLETE APPLICATION PACKAGE

- ☐ **F1 - HAP APPLICATION** - Original, completed and signed by the homebuyer(s)
- ☐ **F2 - HAP FUNDS REQUEST** - Original, completed
- ☐ **F3 - HAP HOUSEHOLD INCOME DISCLOSURE AND CERTIFICATION** – Original, completed and signed.
- ☐ **F4 - HAP PROGRAM INFORMATION AND COMPLIANCE DISCLOSURE** - Original, completed and signed.
- ☐ **F5 - HAP AUTORIZATION OF RELEASE OF INFORMATION** - Original, signed by the homebuyer(s)
- ☐ **APPLICANT IDENTIFICATION** - COPY of Drivers License or State ID and Social Security card for ALL Adult members of the household
- ☐ **Certificate from City of Killeen Homebuyer Pre-Purchase class.**
- ☐ **Commitment Letter from Mortgage Lender**
- ☐ **Mortgage Analysis Qualifying Worksheet, copy.**
- ☐ **Mortgage Loan application, copy**
- ☐ **Cost Analysis Worksheet, copy**
- ☐ **Copy of Credit Report** (from Lender)
- ☐ **Filed Income Tax Returns – COPIES ONLY - A copy of each of the preceding three (3) years** filed Income Tax Returns. In the event that an income tax return was not filed, a Verification letter from the IRS, certifying that a return was not filed, will be required. Please contact: 1-800-829-1040 to obtain the verification letter or to obtain the missing year tax return(s).
- ☐ **Verification of Employment (VOE) copy.** A copy from the Mortgage Lender's Verification of Employment with confirmation within the last 30 days.
- ☐ **Most recent pay stubs for each income earner, three (3) consecutive months, copy**
- ☐ **Verification of Deposits (VOD), copy.** The Mortgage Lender's Verification of Deposits with confirmation within the last 30 days.
- ☐ **Bank Statements - Copies of three (3) consecutive months, most recent** statements for EACH Account in HAP buyer(s) name.







First Time Homebuyer Assistance Program
City of Killeen, Texas
Community Development Department
APPLICANT INFORMATION

STAFF USE ONLY

Annual (gross) income
\$

%AMI

Total Household Members#

HUD Income Limits Date:

Applicant				Co-Applicant			
NAME		Head of Household?		NAME		Head of Household?	
		YES NO				YES NO	
Social Security Number				Social Security Number			
CURRENT ADDRESS				CURRENT ADDRESS			
City		State		City		State	
Zip Code				Zip Code			
Currently receiving Federally funded housing		YES NO		Currently receiving Federally funded housing assis-		YES NO	
If YES, please indicate which type of assistance: (check one)				If YES, please indicate which type of assistance: (check one)			
Public Housing		Housing Choice Voucher/Section 8		Public Housing		Housing Choice Voucher/Section 8	
TELEPHONE		Alternate/Work Tele- phone		TELEPHONE		Alternate/Work Telephone	

Total Household Members Enter the age and gender of all persons who will live in the	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE	AGE
	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER	GENDER
Household Type Please Check all that apply	Single/Non Elderly –a single applicant less than 62 years of age											
	Elderly –1 or 2 person household with one person 62 years of age or older											
	Related Single Parent –a single parent household with dependent child/children under 18 years of age											
	Related Two Parents –a two parent household with dependent child/children under 18 years of age											
	Other - any household, including 2 or more unrelated individuals not included above											

RACE and ETHNICITY INFORMATION

Head of Households ONLY

Single Race		YES	NO	Multi-Race		YES	NO
White				American Indian/Alaskan Native and White			
Black/African American				Asian and White			
Asian				Black/African American and White			
American Indian/Alaskan Native				American Indian/Alaska Native and Black African			
Native Hawaiian/Other Pacific Islander				Multi-Racial			

ETHNICITY

Please circle one

Hispanic

YES

NO

The Ethnicity of a person is considered as Hispanic or Latino, if that person generally identifies themselves as any of the following:

Hispanic/Latino group (including-Mexican, Puerto Rican or Cuban) as well as those who indicate that they are "other Spanish, Hispanic or Latino" including Mexican, Puerto Rican, Cuban, Dominican Republic, Central American-Costa Rican, Guatemalan, Honduran, Nicaraguan, Panamanian, Salvadorian, Other Central American, South American-Argentinean, Bolivian, Chilean, Colombian, Ecuadorian, Paraguayan, Peruvian, Uruguayan, Venezuelan, , Other South American, Other Hispanic or Latino-Spaniard, Spanish American, and All other Hispanic or Latino Census 2000.

REAL ESTATE AGENT INFORMATION

Name of Real Estate Office		Office Telephone	
Real Estate Agent Name		Agent Cell Phone #	
RE Agent Assistant		Assistant Telephone	
		Fax Number	

MORTGAGE LENDER INFORMATION

Mortgage Company		Loan Processor Name	
Loan Officer Name		Phone # and Fax #	
Email Address			

I certify that the information contained in this application is true and accurate to the best of my knowledge. Falsification of any documents, application or information provided will lead to my termination or participation within the City of Killeen HOME Program and could result in Felony Charges. I understand this is an application for assistance and DOES NOT GUARANTEE FUNDING.

Applicant Signature	Date	Co-Applicant Signature	Date





APPLICANT NAME		CO-APPLICANT NAME			
HAP FUNDS REQUEST					
State Bond Program?	Tex Vet Land Loan?	FHA?	Conventional?		
DOWN PAYMENT Enter amount required by loan program/product.		#1 \$			
CLOSING COSTS & PRE-PAID ITEMS Total Closing Costs & Pre- Pairs		#2 \$			
TOTAL HAP FUNDS REQUESTED Total of #1, #2, above –CANNOT EXCEED HAP ALLOCATION AMOUNT			\$		
<p><u>Eligible Closing Costs and Prepaid Items:</u> HAP can be used to pay for the buyer(s) customary closing costs. All of the following closing costs are eligible, in some degree, through HAP:</p> <table border="0"> <tr> <td> <ul style="list-style-type: none"> • Application fee • Loan origination fee • Underwriting fee • Title insurance • Title search • Credit report fee • Courier fee • Appraisal fee • Lender inspection fee • Survey fee </td> <td> <ul style="list-style-type: none"> • Recording fee • Attorney's fees • 1 year home warranty/residential service contract • Document preparation fee • Settlement/closing or escrow fee • Hazard insurance* • Property tax* • Interest* • Pest inspection (wood destroying </td> </tr> </table> <p><i>* Limitations on Closing Costs and Prepaid Items:</i></p> <ul style="list-style-type: none"> • 30 days interest • 14 months hazard insurance • Three (3) months property taxes • \$100 for a Pest Inspection <p><i>* Note: Discount points are not eligible</i></p>				<ul style="list-style-type: none"> • Application fee • Loan origination fee • Underwriting fee • Title insurance • Title search • Credit report fee • Courier fee • Appraisal fee • Lender inspection fee • Survey fee 	<ul style="list-style-type: none"> • Recording fee • Attorney's fees • 1 year home warranty/residential service contract • Document preparation fee • Settlement/closing or escrow fee • Hazard insurance* • Property tax* • Interest* • Pest inspection (wood destroying
<ul style="list-style-type: none"> • Application fee • Loan origination fee • Underwriting fee • Title insurance • Title search • Credit report fee • Courier fee • Appraisal fee • Lender inspection fee • Survey fee 	<ul style="list-style-type: none"> • Recording fee • Attorney's fees • 1 year home warranty/residential service contract • Document preparation fee • Settlement/closing or escrow fee • Hazard insurance* • Property tax* • Interest* • Pest inspection (wood destroying 				
Lender/ Loan officer Signature			STAFF USE ONLY		

HAP FORM

F2



Applicant Name			Co-Applicant Name		
Employer Name			Employer Name		
Employer Address			Employer Address		
Employer Phone #:	Employer Fax #:	Date of Hire:	Employer Phone	Employer Fax #:	Date of Hire:

VERIFIABLE HOUSEHOLD INCOME DISCLOSURE AND CERTIFICATION					
Enter the gross monthly amount for each household member who receives income					
TYPE INCOME	APPLICANT	CO-APPLICANT	OTHER HOUSE-HOLD MEMBER	OTHER HOUSE-HOLD MEMBER	OTHER HOUSE-HOLD MEMBER
EMPLOYMENT					
UNEMPLOYMENT					
SOCIAL SECURITY or SSI or DISABILITY					
RETIREMENT/ PENSION/ SURVIVOR or DEATH BENEFITS					
CHILD SUPPORT/ ALIMONY					
DIVIDENDS/ ANNUITIES/ MUTUAL FUNDS/ INSURANCE POLICIES					
IRA/ 401K/ STOCKS/ BONDS					
TAXABLE INTEREST					
TANF					
WIC MONTHLY AMOUNT					
FOOD STAMP MONTHLY AMOUNT					
OTHER CASH/ RECURRING INCOME or ASSETS HELD					
TOTAL MONTHLY INCOME					

WARNING: Title 18 U.S. Code § 1001 states that a person is guilty of a **FELONY** for knowingly and willingly making a false or fraudulent statement to a Department or Agency of the United States. State law may also provide penalties for false or fraudulent statements.

I certify that the information contained in this application is true and accurate to the best of my knowledge and that falsification of any documents, application or information provided will lead to my termination or participation within the City of Killeen HOME Program and could result in a Felony Offense. I also certify that I have disclosed ALL income received by the persons in my household.

Applicant Signature		Date:		Staff Use Only
Co-Applicant Signature		Date:		Staff Use Only

HAP FORM

F3



PROGRAM INFORMATION DISCLOSURE AND COMPLIANCE AGREEMENT

Staff Initials

Applicant & Co-Applicant Initials

	I hereby certify that I have received the City of Killeen First Time Homebuyer Program Information, the <i>HOME Program Housing Guideline</i> , and the pamphlet, "Protect Your Family From Lead in Your Home", Important Lead Hazard Information for Families, Child Care Providers and Schools.	
	I fully understand the minimum cash commitment of this program is \$500, which may be used to pay inspection fees and/or deposited as earnest money with the escrow agent/title company that will process the loan closing.	
	I have read and understand that the length of the affordability period is directly related to the total of purchase assistance funds. The number of years I am required to meet the affordability period will be a minimum of 5 years for fund totals less than \$15,000.	
	I fully understand that I must have one month's worth of my house payment as reserves in my bank account prior to closing. I also understand I have to complete 3 hours of housing counseling prior to receiving assistance.	
	I have read and understand the requirement to participate in the HOME Program Annual Verification of Primary Residence, which will confirm that I am occupying the home. I understand that the annual verification will include written verification notice and may include a physical inspection of the property for the duration of the affordability period.	
	I fully understand that I am required to sign a Deed of Trust and Promissory Note, which will place a lien against the property I purchase using the City of Killeen First Time Homebuyer Assistance Program.	
	I fully understand that I will also be required to sign a written agreement with the City of Killeen in order to participate in the First Time Homebuyer's Assistance Program.	
	I have read and fully understand that in the event of non-compliance with the affordability period [failure to occupy the house as a primary residence] that I will be responsible for repaying the HAP assistance to the City of Killeen HOME Program and that the payment will be due in full within 30 days of notice from the Community Development Department office.	
	I fully understand the requirement to participate and attend the eight (8) hours of homebuyer education classes – 5 hours prior to application and 3 hours within 90 days of purchasing the home (a reminder letter will be mailed out). In the event of non-compliance with the class requirements, I will be responsible for repaying the HAP assistance to the City of Killeen HOME Program and that the payment will be due in full within 30 days of notice from the Community Development Department office.	
I understand that I have the right to seek legal counsel regarding clarification of the above statements before affixing my signature below, which confirms my agreement to the City of Killeen First Time Homebuyer Assistance Program and its requirements.		
I fully understand each of the above statements and my commitment to the City of Killeen Home Investment Partnership (HOME) Program—First Time Homebuyer Assistance Program.		
DATE	APPLICANT SIGNATURE	CD Staff Signature
DATE	CO-APPLICANT SIGNATURE	CD Staff Signature



AUTHORIZATION OF RELEASE OF INFORMATION

NAME <small>Print full legal name</small>	SOCIAL SECURITY NUMBER <small>Enter SS Number</small>	SIGNATURE <small>Sign Only in presence of a Notary Public</small>

PURPOSE: Signatures on this Authorization of Release of Information form and the signatures of each member of the household which is 18 years of age or older, authorizes the **City of Killeen Home Investment Partnership (HOME) Program of Killeen, Texas** in conjunction with the **City of Killeen, Texas First Time Homebuyer Assistance Program** to obtain information from a third party relative to the eligibility and continued participation in the City of Killeen, Texas HOME Program-First Time Homebuyer Assistance Program.

AUTHORIZATION: I hereby authorize/grant permission of the release of information to the City of Killeen Home Investment Partnership Program and HUD to obtain information about me and my household that is related to eligibility for participation in the HOME Program.

I/We understand that this Release of Information is valid until revoked in writing.

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of _____, _____.

SEAL

Notary Public in and for Texas

PRIVACY ACT NOTICE STATEMENT: The Department of Housing and Urban Development (HUD) is requiring the collection of the information derived from this form to determine an applicant's eligibility in the HOME Program and the amount of assistance necessary using HOME funds. This information will be used to establish a level of benefit for the HOME Program; To protect the government's financial interest; and to verify the accuracy of information furnished. It may be released to appropriate Federal, State, and Local Agencies when relevant to civil, criminal or regulatory investigators, and prosecutors. Failure to provide any information may result in a delay or rejection of eligibility or approval. The Department is authorized to ask for this information by the National Affordable Housing Act of 1990.

HAP FORM

F5



